

BUDGET HEARING
ON
FY 2010 BUDGET REQUEST OF THE OFFICE OF
THE CHIEF FINANCIAL OFFICER

Before the
Committee on Finance and Revenue
Council of the District of Columbia

The Honorable Jack Evans, Chairman

April 8, 2009, 10:00 a.m.
John A. Wilson Building, Chambers



Testimony of
Lasana K. Mack
Deputy Chief Financial Officer and Treasurer
Office of Finance and Treasury

Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

Good morning, Chairman Evans and members of the Committee. I am Lasana Mack, Deputy Chief Financial Officer and Treasurer, and I am responsible for management of the Office of Finance and Treasury (OFT) in the Office of the Chief Financial Officer. The information that I will present today addresses the Office of Finance and Treasury's proposed FY 2010 budget.

OFT's mission is to efficiently and effectively manage the financial assets and liabilities of the District government. This includes receiving, investing, disbursing and acquiring District financial resources. This description includes critical on-going functions such as payroll funding, check production, management of the District's debt issuance and repayment operation, management of the District's cash and reserves, and management of District's college savings plan, the 401(a) pension plan, the 457 deferred compensation plan, the electronic benefits program, and the unclaimed property operation.

In a challenging financial environment, OFT has effectively managed the District's funds and its borrowing. Most notably, we recently managed and

executed the District's inaugural issuance of Income Tax Secured Revenue Bonds, creating a new form of financing for the District's Capital Improvements Program. As you aware, these bonds received ratings of AAA from Standard and Poor's and AA from both Moody's and Fitch, allowing the District to borrow at a lower cost than it otherwise would be have to pay.

FY 2010 Budget Request

The FY 2010 budget request for OFT totals \$21.47 million and includes funding for a total of 82 FTEs. This budget request represents a net decrease of approximately \$170,000 from the FY 2009 approved budget, and a reduction of four FTEs.

In addition to personnel costs, OFT's budget contains funding for contractual services associated with the various functions that OFT performs for the District, including various banking services, transaction processing and interfacing, cash security services, and professional advisory services.

Mr. Chairman, in light of the FY 2008 Yellow Book findings related to Treasury Functions and in light of the FTE reduction indicated above, I would like to address the issue of the sufficiency of OFT's staffing levels. As I indicated at the FY 2008 CAFR hearing, staffing issues were a contributing factor to the existence of these audit findings. However, the primary issue there related to an unusual confluence of turnover and vacancies in key positions within a relatively short period of time. The majority of those key positions have since been filled, and we are in the process of filling the remainder of them. Given the need to reduce the overall level of expenditures in the District's budget due to the state of the economy and corresponding revenue reductions, OFT was allocated four FTE reductions, as indicated above. However, we were able to accomplish this by eliminating certain vacant positions that were not critical to our ability to function, will not significantly impact our operations, and will not hinder us from curing the issues that produced the audit findings. In fact the 82 proposed FTEs for FY 2010 are two more than the FY 2008 actual.

As indicated in our recent Oversight hearing before this Committee, for FY 2009 to date, we have taken the necessary actions and are continuing the diligent work necessary ensure that FY 2008 Yellow Book findings do not

recur, and we are extremely confident that this will be the outcome of the FY 2009 audit and future year audits.

The FY 2010 budget request for OFT was formulated in accordance with the agency's objective of continually providing high-quality, effective and efficient financial management services and processes for District citizens, agencies and stakeholders, and we intend to meet that objective in FY 2010.

Chairman Evans, members of the Committee, this concludes my testimony.

I am prepared to answer any questions that the Committee may have.